

#Forex Strategy E-book

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Chapter 1 Introduction

Disclaimer: Forex Involves risk. So if you lose money you can't blame us we told you trading involves risk.

Welcome to the World of Forex!

This E-book is a compilation of different forex strategies that you can use for you own trading. If you do not have a system, then you can use this book to find one that works for you. This book contains everything that you need to be successful to trade forex if you read it and apply it and then follow it. The key is to do what you plan to do and that is hard because traders get bored following the rules all the time, emotional and greedy.

My goal is to get you to be successful in trading the forex market. You have probably heard that 95% of traders don't make money. That will always be the case, but you don't have to be one of the 95% , be the exception. Be the winner, be the one with the most training discipline and desire to accomplish your goals. You want to trade than do what is necessary to be successful, don't make excuses, get it done. You can do it. Reading this E book is taking step to getting you to be one of the 5% that makes money in forex Market. The next step is to apply what you learn, execution is always the most difficult part.

Chapter 2 Trading Plan

Before anyone begins trading they must have a trading plan. Even before you have a demo account you must have a trading plan. This is because you want to trade your demo account exactly like you trade your real account and in your real account you will have a trading plan so that means in your demo account you will have a trading plan.

What is a Trading plan?

A trading plan is basically a business plan except a trading plan is for traders that want to succeed in forex. If you are serious about being a trader you will have a plan. This is what you should have in your plan. Trading is a business treat it like a business use a plan.

1. Overall Purpose of why you are trading and what you want to accomplish

Goals that you can measure your progress to see if you are winning or losing. What steps you must take to see your goals become successful and

A system that you have developed to include the trading strategy, money management, Trading routine,

Set your Mindset Write down that you will be successful and you will follow the rules and you will not give up when times are difficult. I know that this will be difficult but I know what it takes to succeed and I will do what is right by my trading plan. The plan is king I will follow the plan. The plan rules I wrote it therefore I will follow my plan, not my feelings or emotions. My feelings and emotions will lie to me but my plan that I wrote works and by following I will have evidence and proof that it works.

Weaknesses Write them down and come up with a strategy to defeat your own weaknesses.

Don't be a fool we all have weaknesses and those that are successful will identify them and deal with them. Set up ways to overcome them, for example if you have difficulty following your money management rules find write that down and tell yourself today I will follow my money management rules. If I have to get my mother to sit with me and make sure I follow them I will. If I have to get approval from my broker to make sure that I am following my plan I will. So what I mean is don't let your self cause failure. Make sure that your weaknesses don't take you down. Do whatever it takes to beat those weaknesses.

Trading Journal it is important to have a trading journal. It takes discipline to maintain a journal yes it is hard it takes about 5 minutes once you set it up. Make it part of your routine. Writing down what trades you make which pair, what price, notes as to why the signals you got the reason it looked good. As you do this you will begin to learn where you messed up. You will begin to notice that when you don't follow rules you get creamed. The reason I do is because it teaches me to follow the rules. I hope you are beginning to see a theme here. Trading is not a gambling event to get rich quick. Trading is creating a system and following it. The idea is simple, but it is oh so hard to pull it off. I use a spread sheet for my trade journal.

Example Trading Plan(My Personal Trading Plan to share with you)

Ok, First I want to say we are not all the same, so make your own plan that fits but you can use mine.

Overall purpose

The reason I am trading to make a living to provide for my family. So I can be free to do other activities in my life that I think is good. I want to accomplish the difficult task of being profitable in the forex market. And to do it for a living.

Goals

Goal 1 Follow My rules and this plan how I am going to that is print this plan out an put it in front of my computer and look at it everyday.

Goal #2 Make a 5 percent gain in my account each week.

System

My system is a simple strategy with a set of rules to follow. Rules for my System:

Capital Preservation is most important I must always protect my account once it is gone trading is over. It does not matter how large the account is if I risk too much it can be wiped out before you realize it.

Risk 1% of total account value on all trades

Identify the trend on 4 hr Chart and trade within the trend. If the trend is up I trade only long trades.

1 to 3 Risk Reward Ratio. Let My winners run and cut my losers short.

Trade only in the hours of 8 am to 12 pm.

Use a 3 EMA and a 30 EMA 25 EMA on a 2 hr chart. When the 3 EMA crosses above or below the 30 that is when you enter. Wait until the 2 hour candle closes.

Open 3 lots with a stop just above the high on the two hour candle before the candle you enter on. Adjust stops as the trade moves in your favor.

Use MACD with 12,26,9 settings the purpose of the MACD is to exit trades. When the lines on the MACD Cross after you enter that is when you exit 2 lots two take profit. Keep the 3 lot open to let the profits go on more.



That is all there is to it. I follow that and I do well I don't find trades everyday but when the signals are not there I don't force it I follow the rules.

Demo Trading

Demo Trade your plan until you can do it consistently and make profits. Wait at least two months it could be two months or two years but do not enter until you constantly make your profit goal.

Chapter 3 Money Management

Pay attention here this is the most important area of trading if you get this wrong you cannot be a trader. It won't work, take my word for I know so don't even try to not follow proper money management. Why do people insist on doing things that don't work, I don't know, If you don't follow Money management you are gambling, in gambling you lose unless you get lucky. Remember we are traders not gamblers.

Money Management is protecting your account, it is that simple protect your account. You protect your account by managing risk. Before you ever make a trade determine the maximum dollar risk and the total % that it is in you account. Let me say that again because that is the most important rule in trading. Before you ever make a trade determine the maximum dollar risk and

the total % that it is in you account.

How much Should you Risk?

It can be anywhere from 1 to 5% I personally like 1% because I can still easily make my profit goal of 5% per week. Trading is not get rich quick. It is a slow take profit from the market over time the ones that have patience are the ones that will be successful. However 5% is still low enough that if you follow it you will not wipe out your account. Remember to adjust the risk and figure it out after every trade because after every trade your account balance changes.

This is also where risk to reward helps you if you win 3 times more than your losses than you can lose 50% of the time and still be profitable. That helps grow your bank account by making a larger pip count.

In conclusion ,practice proper money management in all your trading activities. If you can master your money management you will be fine because even if you are not the best trader you will still be able to keep trading until you get to be the best trader.

Chapter 4 Moving Average Strategy

This is a great strategy that is simple and can be used to become a profitable trader.

Indicators: 10 EMA, 25 EMA, 50 EMA.

First Identify the trend with a trend line on a 4 hour chart

Entry rules: When 10 EMA goes through 25 EMA and continues through 50 EMA, BUY/SELL in the direction of 10 EMA once it clearly makes it through 50 EMA. (Just wait for the current price bar to close on the opposite site of 50 EMA. This waiting helps to avoid false signals).

Exit rules exit when 10 EMA crosses 25 EMA again.

This strategy is best in trending markets if the market is in a consolidation period do not use as the movement is small so you run higher risks.



This strategy can be modified to improve performance. You could change time period but remember longer time frame is more successful. You could add RSI to that avoid fake outs or any other indicators. It is up to you. It is good to work it out and offer testing so you can see what best for you.

Chapter 5 Stochastic Strategy

This is simply using **Stochastic** to find entry and exit points.

Currency pairs: ANY

Time frame chart: Any

Indicators: **Stochastic**

First Identify the trend with a trend line on a 4 hour chart.

Entry rules: When **Stochastic** goes 80 to 90 and back down to through 80 then sell. If the price goes through 20 down to 10 then back up through 20 than buy.

Exit rules: When the price continues though to the top or bottom either 80 or 20 then exit.



This strategy does not work well in trending markets unless you go in the direction of the trend. If you notice the chart above if you entered on downward trades you would make good profit but on the up not so good. That is because this is a current downtrend.

Chapter 6 MACD Strategy

One way to use a MACD indicator is to watch the cross over the lines and enter the trade at the crossover. The MACD is a slower indicator so it can be used with other indicators to help. For this Strategy we will just focus on the MACD.

Rules: Enter on the Cross over.
Exit: Exit on the next Cross over



So that is all there is to it. Remember to trade within the trend. Also stay away from this in sideways markets.

Chapter 7 Parabolic SAR Strategy

This strategy is used with the Parabolic SAR and the MACD.

Entry on a one hour chart enter when the dots change sides when they go from top to bottom you will buy. When they go from bottom to top you sell. The change in position of the dots indicates trend change.

This is how the MACD comes in. When a MACD cross over after your entry this is where you exit.



This strategy works well in trending markets. Notice how there is a trend line drawn on the chart. I recommend drawing trend lines with all strategies so you realize the direction of the trend.

Chapter 8 RSI Strategy

RSI is an indicator which shows overbought and oversold positions for the price movement.

Over 70 is overbought and a reverse is coming and under 30 is oversold and a bounce to the upside is coming. With this indicator you must be careful as when a strong trend is in force the RSI can stay overbought and oversold for long periods of time.

Entry: on a 4 hour chart when the RSI is oversold or overbought levels. On the cross beneath those levels when the candle closes than you enter the trade.

Exit: Exit when the RSI goes to 30.



This Strategy because of the longer time frame can be longer term so be prepare to wait for the right time to exit.

Conclusion

I hope this guide has been helpful to you. The bottom line is to create a trading plan first. Then demo trade until you can become profitable. The strategy you use does not matter nearly as much as the following the rules and following your plan. You can throw many different strategies into the mix and be successful. If you have any questions I would be happy to help just email me at:

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